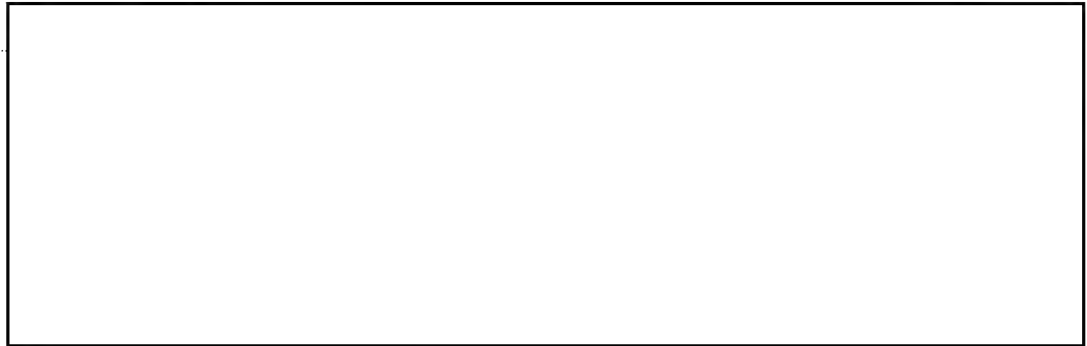


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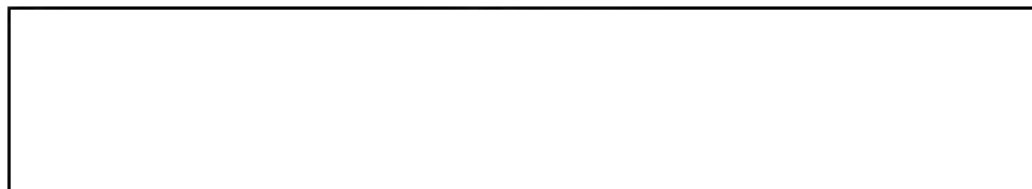
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Qualified French Response to Arms Standardization Initiatives

NATO will consider tomorrow the implications of a positive, but heavily qualified, French response to recent arms standardization initiatives by the Western allies. Arms standardization will be an important discussion topic at next week's NATO ministerial meetings.

The standardization of military weapons and equipment is part of a complex attempt by the NATO allies to ensure that the West retains an effective conventional defense capability in an era of strategic parity and superpower detente. As part of the standardization effort, the caucus of most European NATO members--the Eurogroup--has proposed, and the US has tentatively agreed, to purchase more arms from European sources. This proposal anticipates the development and consolidation of a European arms industry that would lay the foundation for an enhanced indigenous European defense capability.

French cooperation is important to any effort to standardize armaments and upgrade the military capability of NATO. The recent initiatives in both the NATO forum and the Eurogroup have thus been drawn in such a way as to accommodate Paris' desire for independence while slowly and pragmatically increasing French cooperation with the allies.

France has now reaffirmed its intention to cooperate on arms standardization within NATO and especially with its European allies. But the French have said they will not sanction institutionalization of their participation

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either in a permanent NATO steering committee or in a European Defense Procurement Secretariat proposed by the Eurogroup.

The French are insisting that any meetings with their European allies on standardization must be informal and wholly ad hoc. They also insist that the NATO committee must be a temporary body and be clearly subordinate to the North Atlantic Council.

Finally, the French remain opposed to any transatlantic dialogue until the Europeans sort out problems related to cooperative European defense production.

This cautious French response appears to confirm original European expectations about present French attitudes. It may also confirm indications that Paris' consideration of its alternatives in this area is at a preliminary stage and that any change in traditional French attitudes will come slowly.

Attention will now focus on European reactions--especially those of the British and the Germans--to France's announced position. A major issue will be how far the allies are prepared to take a united stand on the need for an even more forthcoming French attitude.

The recommended ministerial position on standardization proposed by Secretary General Luns would establish the ad hoc steering group in NATO but would delay approval of a particular policy until next May. In view of the French position, the allies appear likely to approve this course of action.

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Iceland Threatens NATO Withdrawal

The tensions generated by the fisheries dispute between Iceland and Britain continue to strengthen the hand of Icelandic opponents of NATO and the US-manned base at Keflavik. At a news conference on November 28, Foreign Minister Agustsson declared that Iceland will withdraw from the alliance and dismantle the Keflavik base unless the UK removes its frigates from Iceland's 200-mile fishing zone.

Agustsson also intimated at his news conference that he would not attend the December NATO ministerial in Brussels and suggested there was a strong possibility that Iceland's permanent delegation would be withdrawn before the scheduled meeting. Agustsson also threatened to take the fisheries dispute to NATO or to the UN Security Council.

Prime Minister Hallgrimsson suggested in a recent newspaper interview, that Iceland might recall its ambassador in London or break off diplomatic relations with Britain. Reykjavik has already closed its air space and airports to British planes.

Reykjavik issued similar threats, including withdrawal from NATO, during a similar outbreak of the cod war in 1972-73. The statements are intended to force US and other NATO members to put pressure on London.

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The coalition is not under overwhelming public pressure at this time to withdraw from NATO. It got parliament rather easily to ratify its controversial fishing pact with West Germany last week. An anti-British demonstration, furthermore, attracted only a small crowd, and its mood was more festive than angry.

Icelandic politicians are prone to engage in hard rhetoric, and the greatest danger now is that they could become its captive. If prospects for settling the dispute remain dim and there are incidents at sea, in the coming weeks, the politicians will face growing public pressure to follow through on their threats.

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